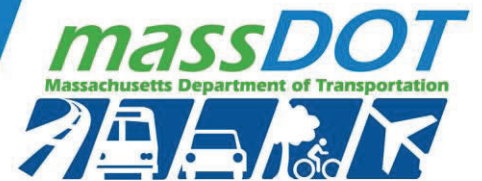


# The Rose Fitzgerald Kennedy Greenway

*Evolving Relationship with MassDOT*

Presentation to the MassDOT Board

May 8, 2017



# Goals of the Presentation

- To brief the Board on the history of the Rose Fitzgerald Kennedy Greenway and its relationship to MassDOT
- To provide an understanding of the financial support – past and current – that MassDOT provides to the Greenway
- To inform the Board about the economic growth generated in the area of the Greenway in the decade since the park opened
- To update the Board on the current status of negotiations to establish an equitable and lasting public-private funding arrangement for the Greenway
  - Participating parties include the Governor's Office, MassDOT, the City of Boston, the Greenway Conservancy, and abutting property owners
  - This is a timely matter, as the current lease and funding agreement between MassDOT and the Greenway Conservancy expire on **June 30<sup>th</sup>**
  - Without a multi-party agreement in place, the Board will need to decide if and how to continue providing funding for the Greenway





# Establishment of the Greenway

- **1991: Final Supplemental Environmental Impact Report and MEPA Certificate for the Central Artery/Tunnel Project**
  - Called upon the Commonwealth and the City of Boston to work together to develop the newly-created space above the depressed Artery
  - Stipulated that 75% of the reclaimed land must be dedicated to open space
  - While that open space “...must be fully developed as parks and recreational space by the project proponent [Massachusetts Department of Public Works],” MassDOT’s long-term maintenance obligation is limited
- **2004: Rose Fitzgerald Kennedy Greenway Conservancy established**
  - A new non-profit to guide and fundraise for the emerging Greenway
- **2008: Legislation enacted authorizing the Conservancy to operate and manage the Greenway**

# Establishment of the Greenway

- **2007-8: Completion of the Greenway**
  - After years of planning and public discussion among the Turnpike Authority, the Commonwealth, the City of Boston, civic groups, and members of the public, the Central Artery/Tunnel project concludes with the construction of the Greenway
  - The final Greenway consists of 17 acres across 1.5 miles, from Chinatown to the North End
  - The Greenway includes complex assets, including seven fountains, underground equipment, 700+ trees, and acres of specialty paving
  - The design of the Greenway is consistent with the 1991 MEPA Certificate
  - The Greenway opens without long-term funding in place
    - Stop-gap operating (\$2 million) and capital (\$5 million) funds from the Turnpike Authority
- **2009: Merger of the Transportation Agencies**
  - MassDOT is now the owner of the Greenway



# Relevant Legislation

- **2008: Chapter 306 of the Acts of 2008**
  - Most of the Greenway parcels are defined as ‘open space’ under Article 97, thereby protecting them from sale or development
  - Turnpike Authority was required to lease the Greenway only to the Conservancy
  - The Conservancy is responsible for operating, maintaining, managing, programming, and financing the Greenway ‘at a highest standard’
  - The Commonwealth is required to provide 50% of the annual budgeted costs of operating and managing the Greenway through June 30, 2012
  - MassDOT is required to provide a maintenance facility for the Greenway
- **2012: Chapter 242 of the Acts of 2012**
  - Conservancy Board is altered to add neighborhood representatives
  - The Conservancy is brought under Open Meeting and Public Records laws

# MassDOT/Conservancy Lease History

- **2009-2014: Lease #1**

- The Conservancy assumes full responsibility for the Greenway operations under a 5-year lease with MassDOT (\$1.9 million per year plus \$200,000 in-kind from MassDOT)

- **2014-2015: Lease Extensions**

- MassDOT and the Conservancy agree to 14 one-month lease extensions, while trying (unsuccessfully) to establish a new long-term, multi-party funding structure

- **2015-2017: Current Lease**

- \$2.1 million/year from MassDOT for maintenance and horticulture tasks only, provided in a subsidy agreement separate from the lease
- At the time of signing, this was understood to be the final lease to include operating subsidies
- Approximately \$200,000 from MassDOT in free office space and utilities
- Requires that MassDOT and the Conservancy work to establish lasting public-private funding
  - **Current lease expires on June 30, 2017**

- **2016-2017: Ongoing Negotiations**

- The Conservancy required by the current lease to develop a plan to transition away from MassDOT operating subsidies
- A working group made up of MassDOT, the Greenway Conservancy, the Governor's Office, and representative private landowners has been meeting regularly





# Greenway Funding to Date – FY 2005-FY 2017

## Government Operating Support to the Conservancy

- MTA/MassDOT has provided:
  - \$7 million prior to the opening of the Greenway
  - \$15.7 million since the opening of the Greenway
  - \$1.7 million in utilities + office space
- \$2.6 million in other government support, including from the National Endowment for the Arts and MassDevelopment

## Private Support

- Annual draw of 4.5% on \$13.5 million endowment (originally established by the Turnpike Authority with \$5 million)
- \$1 million/annually from private philanthropy
- Private landowners along the Greenway donate \$100,000-\$150,000 per year, in total
- Private support has been focused on new initiatives
  - Public art, park rangers, public programming, installation of the carousel

## Own-Source Revenue

- Carousel, food trucks, rental events
- \$957,000 in FY 2016
  - Up from \$69,000 in FY 2009





# Annual Greenway Funding Needs

## Operating Expenses

- The Conservancy has an annual operating budget of approximately \$5 million
  - MassDOT funds \$2 million (for specific uses), plus approximately \$300,000 for office and utilities
  - Additional expenses are funded through own-source revenue, private donations, and withdrawals from the endowment

## Capital Needs

To date, neither MassDOT nor the Conservancy have undertaken major capital projects on the Greenway.

- The Conservancy issues an annual State of Good Repair report
- The Conservancy currently estimates an annual maintenance backlog of \$1 million
- Some of backlog is from original Big Dig design/installation flaws
- As the Greenway ages, the maintenance needs will grow
  - The fountains are particularly complex and costly to maintain
- MassDOT has long stated desire to reduce operating support and increase capital support, in order to better maintain the Greenway assets



# The Greenway Creates Economic and Social Value

- Since 2009, trackable visitation to the Greenway has increased 14 times over to 1.38 million in 2016
  - Plus millions more who casually enjoy the fountains, art, gardens, walking paths
- Property values of top 39 abutting properties have grown 58% in past four years to \$6 billion, due to a combination of economic factors
- The economic benefits of that growth accrue to the City of Boston and the private landowners around the Greenway, but not to the Commonwealth or the Greenway Conservancy

# Current Status

- A Working Group made up of MassDOT, the Governor's Office, the Greenway Conservancy, and the abutter community (represented by A Better City) has been meeting regularly since December
- MassDOT entered the negotiations with the goal of replacing its operating support for the Conservancy with an appropriate level of capital support
  - Provided that the Conservancy develops a rigorous capital plan
- MassDOT plans to present two documents to the Board in June:
  - An extended lease between MassDOT and the Greenway Conservancy
  - A new subsidy arrangement, provided that an agreement has been reached by then

# Summary

- MassDOT and precursor agencies planned, designed, and built the Greenway, and have contributed approximately \$25 million in operating costs to date
- As established in Chapter 306 of the Acts of 2008, MassDOT's obligation to provide operating funds to the Conservancy ended in 2012
- Over the past decade, the Greenway has become an important landmark of downtown Boston, and the value of the land around the Greenway has skyrocketed, providing great financial benefit to the City of Boston and the abutting land owners
- The capital needs of the Greenway are becoming more pressing, and MassDOT feels strongly that it must switch its financial support to capital dollars in order to prevent a substantial maintenance backlog
- Negotiations to establish a new multi-party funding structure for the Greenway have been productive and encouraging, but have not yet produced a final agreement
- The current MassDOT/Greenway lease and funding agreement expires on June 30<sup>th</sup>.